

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

JANUARY 14, 2002

IN RE:

CORPORATE REORGANIZATION OF WORKING
ASSETS FUNDING SERVICE, INC., A LONG DISTANCE
RESELLER

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DOCKET NO.
01-00982

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on November 20, 2001 for consideration of the *Application* (the "*Application*") of Working Assets Funding Service, Inc. ("WAFS") pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

WAFS's *Application* is contained in a letter to the Authority dated November 1, 2001.¹ WAFS requests that the Authority approve a corporate restructuring that will introduce a parent corporation, Working Assets, Inc. ("WA"). The *Application* states that WAFS is a California S-corporation, and WA is a Delaware corporation. WAFS was granted authority to provide operator services or resold interexchange telecommunications services in Tennessee by Order dated September 20, 1995 in Tennessee Public Service Commission Docket No. 95-02846.

The *Application* states that during and after the reorganization process, the change in ownership of WAFS, which does business under the name Working Assets Long Distance, will be transparent to its customers. The *Application* states that all existing services and rates currently provided to customers will remain the same, and there will be no changes to the tariff currently on file.

Public Interest Considerations

The *Application* states that the proposed restructuring of WAFS will produce a corporate structure more efficient in its ability to create and provide new products to WAFS's customers. According to the *Application*, the new corporate structure will allow each subsidiary to pursue its own individual goals in a more efficient and less costly manner and will protect long distance ratepayers from financial risk associated with new products and new ventures.

¹ The November 1, 2001 letter is a notification to the Authority of the proposed corporate restructuring. Because, as explained below, this restructuring involves a transfer of the authority to provide utility services held by WAFS, approval by the Authority is required, and the Authority treated WAFS's letter of notification as its Application for such approval.

Findings

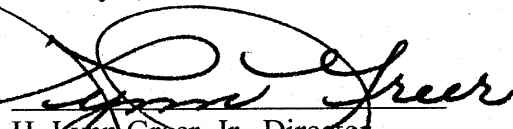
The Directors of the Authority considered this matter at the November 20, 2001 Authority Conference. Based upon careful consideration of the *Application*, the Authority finds and concludes as follows:

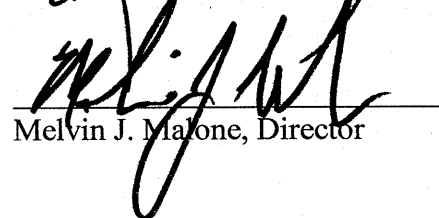
1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. Working Assets Funding Service, Inc. has been granted authority to provide telecommunication services in Tennessee;
3. A change in the corporate structure of Working Assets Funding Service, Inc. will take place, resulting in a transfer of the authority granted WAFS to provide utility services; and
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

IT IS THEREFORE ORDERED THAT:

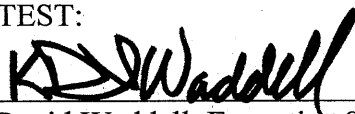
The *Application* of Working Assets Funding Service, Inc. for approval of the transfer of authority described herein is approved.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary